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The President's Daily Brief

26 June 1972

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~~*Top Secret*~~

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

In South Vietnam, most government positions along the My Chanh River defense line are holding firm against Communist attacks. [redacted] 25X1 25X1 [redacted] *(Page 1)*

The continuing fallout from the Israeli raids in Lebanon last week is discussed on *page 2*.

Britain's future partners in the European Community are under pressure to find a unified response to the pound float [redacted] *(Page 3)* 25X1

The Italians have finally settled on a formula for a new government, but it is a fragile one. *(Page 4)*

[redacted] 25X1 [redacted] *(Page 5)* 25X1

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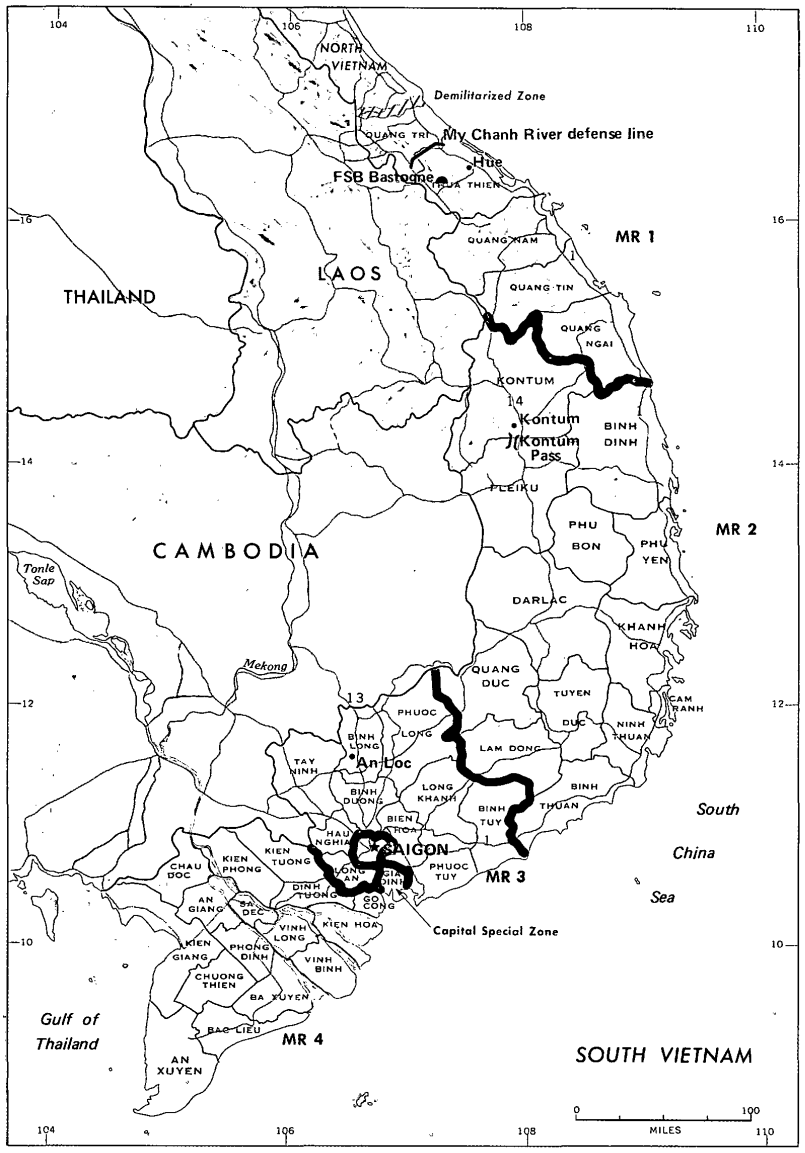

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VIETNAM

During the weekend, North Vietnamese infantry units supported by tanks and artillery began attacks on government positions along the My Chanh defense line to the north of Hue and in the vicinity of Fire Support Base Bastogne to the west. Intercepts show that elements of three Communist divisions are involved in the attacks. Enemy messages also indicate that the Communists have captured some government positions south of the My Chanh River, but for the most part South Vietnamese troops, aided by allied air strikes, appear to be holding the line.

In the western highlands, Kontum City was quiet, but in the Kontum Pass along Route 14, well-entrenched Communist forces are still preventing government reinforcements from moving along the highway. Other Communist units in the area appear to be building defensive positions and undergoing extensive refitting in base areas north and west of the city.

Artillery attacks on An Loc increased over the weekend, but caused only light casualties to the defenders. South Vietnamese units patrolling the town's perimeter skirmished with the enemy a number of times. To the south, elements of the enemy's 7th Division continue to bar government reinforcements from using Route 13.

* * *

On 19 June, the North Vietnamese reactivated a communications authority in the panhandle that had passed position reports on US ships operating in the Gulf of Tonkin in mid-April. The information was used by two MIGs that came from the Khe Phat airfield on 19 April to attack the US destroyer Higbee. The communications terminal had been inactive for the past two months.

Aerial photography of 22 June showed that the airfield at Khe Phat was operational; just three days earlier the runway was cratered.

The rapid restoration of Khe Phat, along with the reappearance of the communications terminal, North Vietnamese messages indicating plans to increase MIG activity over the panhandle [redacted] 25X1

[redacted] 25X1

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ISRAEL - ARAB STATES

The Lebanese Army is apparently moving to prevent further fedayeen attacks against Israel, despite Beirut's public declaration that it would not crack down on the terrorists. [redacted] 25X1

The Israelis concede that Lebanon has taken some measures to curb the fedayeen--but not enough. Foreign Minister Eban says Lebanon should shut down all fedayeen offices in Beirut and prevent the training of foreigners in fedayeen camps in Lebanon. Regarding the Syrian and Lebanese officers captured last week, Eban said Israel would agree to return them, along with a large number of Egyptian and Syrian prisoners, in return for the relatively few Israelis held by Syria and Egypt. [redacted] 25X1 25X1 25X1

A prominent Israeli, meanwhile, has publicly raised the possibility that Israel may occupy a portion of southern Lebanon. He described the region as a no-man's land abandoned to the fedayeen by the Lebanese Government and said that Israel, which is being attacked from the area, should have as much right in it as others.

> *These remarks, made in an English-language radio interview, look like an effort to gauge world opinion on an Israeli occupation and to increase the pressure on Lebanon.*

The United Nations Security Council will convene again this morning for its third round of debate since Friday on the recent Israeli attacks on Lebanon.

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EUROPEAN COMMUNITY

Britain's future partners in the European Community are under heavy pressure today to come up with a unified response to the decision to float the pound. No consensus emerged over the weekend at meetings of European central bank and finance ministry officials. Most major European foreign exchange markets remain closed today but are still scheduled to reopen tomorrow.

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The viewpoint of an interested outsider was provided on Saturday by a spokesman of the Swiss Finance Ministry. He said he believes that all members of the European Community except France will eventually decide to float their currencies--presumably individually rather than jointly--against the dollar. Swiss and Japanese officials have already said that if this happens they would also be forced to float their currencies.

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ITALY

Seven weeks after the national election last May, Italy has finally settled on a formula for a new government. Premier-designate Andreotti will seek parliamentary approval for a three-party centrist government composed of his own Christian Democrats, the Social Democrats, and the Liberals. He has promises of parliamentary support from two other parties.

This is an extremely fragile coalition. Its majority in the lower house is only two votes and it is in the minority in the Senate. Some of the coalition partners may well regard it as only a caretaker regime until autumn. National congresses of the Christian Democratic and Socialist parties then might reach some compromise to permit a return to the center-left alliance that governed Italy for most of the decade preceding the last election.

The centrist formula may in part be an attempt by the Christian Democrats to pressure the Socialists to abandon their campaign pledge to allow the Communist Party a bigger role in parliament. If so, the maneuver may backfire. The Socialists will be in a stronger position to push their demands if, as seems likely, Andreotti's centrist experiment ultimately fails.

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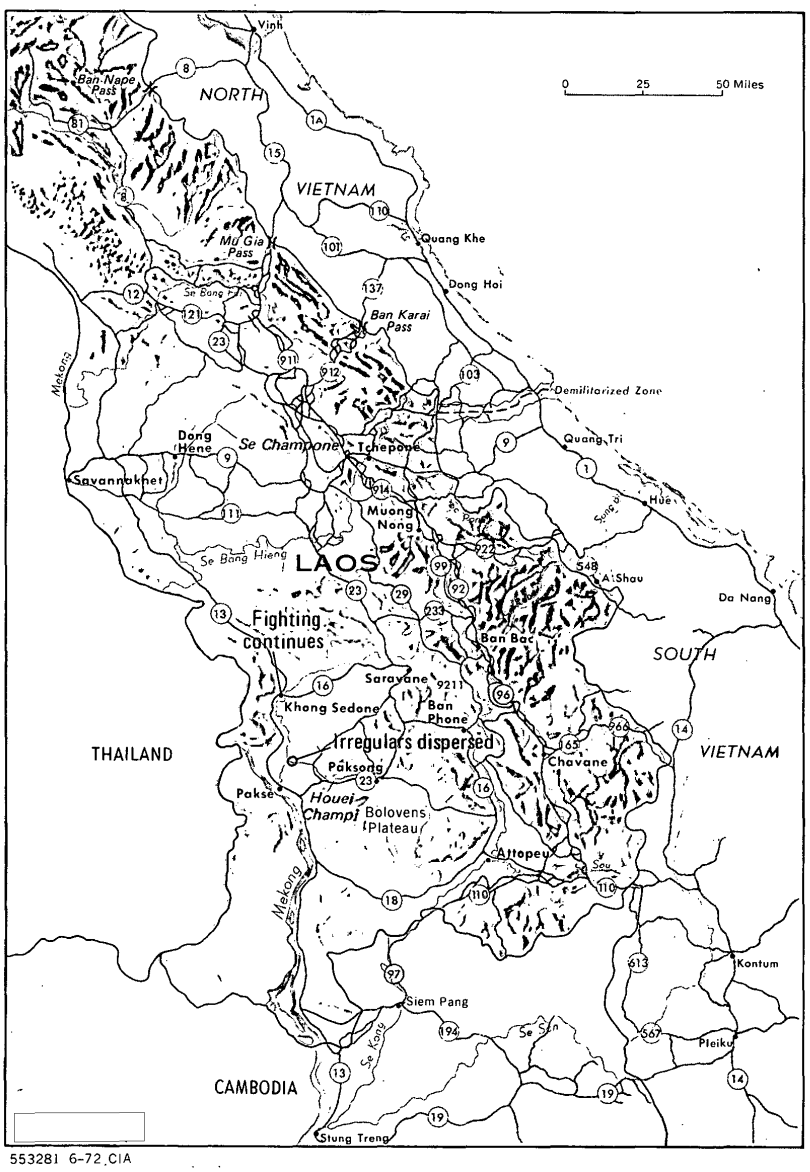

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NOTES

France: [redacted] 25X1 25X1

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Yugoslavia-Poland: Tito's successful visit to Poland from 19 to 23 June reflected the conciliatory line Brezhnev had earlier taken toward Yugoslavia. In his departure speech on Friday, Tito said he was very pleased, particularly with the signing of an agreement that is intended to raise bilateral trade by 25 percent--to over $1 billion--during the 1971-1975 five-year plan. Following the pattern of Tito's visit to Moscow in early June, the Poles and Yugoslavs took pains to avoid contentious issues and promised to improve bilateral contacts.

Laos: Government efforts to clear the area northeast of Pakse received a setback this weekend. Three of the four irregular battalions attempting to move north of the town dispersed following clashes with elements of the North Vietnamese 9th Regiment. These battalions appear to have suffered only minor casualties, but the attacks have further hurt their morale. The irregulars have been in the field for nearly two months, and many are suffering from malaria and other diseases. In the Khong Sedone area Communist troops are still holding positions west of the town, despite assaults by irregular units supported by air strikes.

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